

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 AID-05 EB-07 TRSE-00 OMB-01 FRB-03

/084 W

-----016707 212133Z /61

R 211308Z JUL 77

FM AMCONSUL FRANKFURT

TO SECSTATE WASHDC 8763

INFO AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY SEOUL

AMEMBASSY TOKYO

AMEMBASSY VIENNA

C O N F I D E N T I A L FRANKFURT 5425

E.O. 11652: N/A

TAGS: EEWT, EFIN, KN

SUBJECT: HIGH DRESDNER BANK OFFICIAL COMMENTS ON NORTH KOREAN  
DEBT RESCHEDULING AGREEMENT

REF: (A) SEOUL 5929, (B) BONN 5326, (C) FRANKFURT 2252

1. SENIOR VICE PRESIDENT, DRESDNER BANK, HAS GIVEN US  
FURTHER DETAILS ON AGREEMENT REACHED LAST SPRING BETWEEN  
NORTH KOREA AND WESTERN CREDITORS (LESS JAPAN) ON  
RESCHEDULING SOME \$1.1 BILLION IN EXTERNAL DEBT. SOURCE  
SAYS JAPANESE BANKS CONTINUE TO BE SECRETATIVE AND  
EUROPEAN BANKS ARE UNINFORMED ON TERMS OF JAPANESE-  
NORTH KOREAN SETTLEMENT.

2. ACCORDING TO OUR SOURCE, MARCH 1977 DEBT  
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RESCHEDULING NEGOTIATIONS RESULTED IN SOME REDUCTION  
OF ADVANTAGES TO LONG-TERM (FINANCIAL) CREDITORS AND  
SOME RAISING OF ADVANTAGES TO SHORT-TERM (COMMERCIAL)  
CREDITORS, THUS FACILITTING AGREEMENT AMONGST  
CREDITORS. ACCORDING TO OUR SOURCE. NORTH KOREANS  
HAD PRETTY MUCH KEPT UP INTEREST PAYMENTS ON LONG-TERM  
FINANCIAL CREDITS ALTHOUGH WITH "REASONABLE DELAYS".

SPECIFICALLY, DELAYS OF TWO TO FOUR MONTHS WERE ENCOUNTERED, WITH SOME SCHEDULED INTEREST PAYMENTS DELAYED EVEN LONGER. EVENTUALLY, HOWEVER, VIRTUALLY ALL INTEREST, INCLUDING PENALTY INTEREST, HAS BEEN PAID ON THIS DEBT. ON THE SHORT-TERM COMMERCIAL CREDITS, HOWEVER, SOME INTEREST PAYMENTS WERE NEVER PAID AT ALL, AND A SUBSTANTIAL AMOUNT OF BACK INTEREST AND PENALTY INTEREST HAS BEEN ROLLED INTO THE NEW SETTLEMENT PACKAGE. THE NEW SETTLEMENT TERMS INCLUDE PAYMENTS ON PRINCIPAL DUE 1975-78 RESCHEDULED TO 1980-83. INTEREST PAYMENTS, AT 1-3/4 PERCENT ABOVE LIBOR, ARE TO BE PAID ON CURRENT BASIS. BANKS WHICH TOOK LEAD IN THE NEGOTIATIONS, INCLUDING DRESDNER, ARE TO BE PAID A "MODEST" MANAGEMENT FEE.

3. SOURCE INDICATED SATIFICATION WITH TERMS AND CONDITIONS AGREED TO BY NORTH KOREANS. HE REMARKED, HOWEVER, THAT PAYMENT ON MANAGEMENT FEE IS NOW FOUR WEEKS OVERDUE, AND THE HE WILL KEEP HIS FINGERS CROSSED UNTIL DEBT PAYMENTS ARE COMPLETED. BLAKE

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BANKS, DEBT AGREEMENTS, DEBT REPAYMENTS, NEGOTIATIONS  
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**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Enclosure:** DG ALTERED  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Review Release Event:** n/a  
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**Subject:** HIGH DRESDNER BANK OFFICIAL COMMENTS ON NORTH KOREAN DEBT RESCHEDULING AGREEMENT  
**TAGS:** EEWT, EFIN, KN  
**To:** STATE  
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**Review Markings:**  
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